

MONTHLY ECONOMIC INDICATORS

Planning and Regional Development Department

THE PORT AUTHORITY OF NY & NJ

NOVEMBER 2010

UNEMPLOYMENT RATE (percent of labor force)	OCT 2010	PREVIOUS 3 MOS AVERAGE	OCT 2009
U.S. (seasonally adjusted)	9.6	9.6	10.1
U.S. (not seasonally adjusted)	9.0	9.5	9.5
Region (not seasonally adjusted)	8.5	8.9	9.3

NON-FARM EMPLOYMENT (thousands)	OCT 2010	PREVIOUS 3 MOS AVERAGE	% CHANGE OCT 2010 / OCT 2009
U.S.	131,515	130,263	0.5
REGION	7,753	7,706	-0.1
Construction	284	286	-1.9
Manufacturing	346	344	-3.4
Services	7,123	7,075	0.2

GDP (percentage change in the GDP)	2010Q3 / 2010Q2	2010Q2 / 2010Q1	2010Q1 / 2009Q4
U.S. (seasonally adjusted at annual rates)	2.5	1.7	3.7
REGION	0.8	0.8	0.8

CONSUMER PRICES (percentage change in the CPI)	OCT '10 / OCT '09	OCT '10 / SEP '10	SEP '10 / SEP '09
U. S.	1.2	0.1	1.1
Core	0.6	0.1	0.8
REGION	1.5	0.2	1.2
Core	1.1	0.1	1.3
Food & Beverages	1.8	0.6	1.4
Housing	0.9	-0.2	0.7
Transportation	4.4	1.6	2.5
Energy	4.8	0.9	0.2

CONSTRUCTION COST (percentage change in the CCI)			
U.S. 20-CITY	3.8	1.0	2.9
NY REGION	3.5	0.1	3.4

GASOLINE PRICES (US Dollars Per Gallon)	Current	A month ago	A year ago
U.S. (all types NSA)	\$3.01	\$2.96	\$2.77
New York City (all types NSA)	\$3.37	\$3.22	\$3.05
Newark, NJ (all types NSA)	\$3.06	\$2.91	\$2.69

HOUSING PRICES ¹ (12-Month Percentage Change)	SEP '10 / SEP '09	AUG '10 / AUG '09	JULY '10 / JULY '09
U.S. 20-CITY COMPOSITE	0.6	1.7	3.1
NY METROPOLITAN AREA	-0.1	0.03	0.6

INTERNATIONAL TRADE (billions of dollars)	SEP 2010	% CHANGE VS. SEP 2009	% CHANGE YTD 2010 VS. 2009
U.S.	274.2	17.8	23.9
NY CUSTOMS DISTRICT	29.2	16.0	24.7
NY Imports	18.1	17.1	24.9
NY Exports	11.2	14.1	24.3

MANHATTAN COMMERCIAL REAL ESTATE (Class A Office Market)	OCTOBER 2010	SEPTEMBER 2010	OCTOBER 2009
Vacancy Rate			
OVERALL	12.1	11.5	12.1
Midtown	11.3	11.6	13.8
Downtown	12.1	12.0	8.2
Average Asking Rent (\$/square foot)			
OVERALL	57.5	57.4	63.1
Midtown	64.0	63.9	67.3
Downtown	41.9	41.2	45.6

REGIONAL ECONOMIC FORECASTS ²	2010	2011	2012
CPI percent change, NYC MSA	2.1	2.1	2.3
CCI percent change, NYC	1.5	1.8	5.4
Employment change ('000's), Region	-100	30	108

¹ Since the peak in June 2006, housing prices have fallen by 28.5 percent nationally and by 19.1 percent in the New York Region

² For optimistic and pessimistic alternative forecasts please contact the Planning and Regional Development Department.

Sources available upon request.

SPECIAL FOCUS

Can Small Business Lead the Way to Economic Recovery?

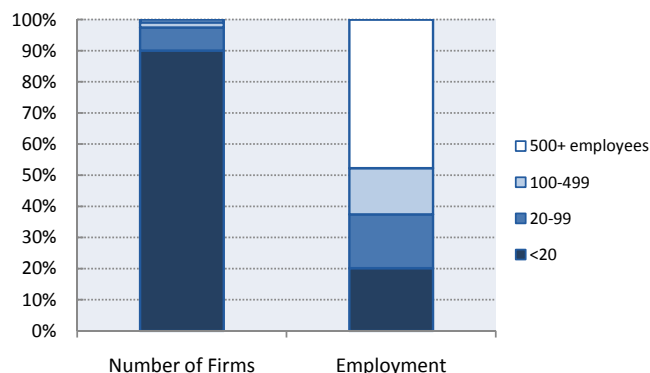
With American Express' "Small Business Saturday" behind us and the holiday shopping season underway, a question arises as to whether small business can lead the way to economic recovery. Small businesses are frequently cited as the engines for economic growth, so faster growth among them could have a dramatic effect on the dismal employment picture.

Historically, the evidence is mixed. Small businesses are far more numerous than large businesses – 90 percent of all firms in the New York-New Jersey metropolitan area have fewer than twenty employees. Yet those firms account for only 20 percent of the workforce (see Figure). According to a Small Business Administration study, a small set of "high impact" firms – around two to three percent of all firms – accounted for nearly all employment growth in the United States between 1994 and 2006. These new jobs are fairly evenly divided between small and large firms. In the Port Authority region, small business employment growth has mirrored the overall trend. In fact, the share of employment by small firms in the New York-New Jersey metropolitan area remained constant from 1997 to 2007 (the last year for which data are available) at 20 percent. Small firms have been important contributors but not unique drivers of economic growth.

Small businesses continue to face difficult economic conditions. A quarterly survey by the Federal Reserve shows that banks have only recently stopped tightening credit conditions for these enterprises. Lending is well below pre-recession levels, although it appears to have bottomed out and is no longer decreasing. Other surveys show that small business optimism has increased slightly over the last year but is well below pre-recession levels. A Capital One survey found that few are planning to increase their investment spending over the next six months. On the other hand, the same survey found that thirty percent of small businesses expect to add employees during that period.

These cautious plans likely reflect the poor prospects for faster economic growth and lack of aggregate demand. As millions of families struggle to rebuild household wealth, find or retain jobs, and deal with home foreclosures, the prospects for resurgent consumer spending seem dim. This directly impacts small businesses and until the economic fundamentals begin to heal, businesses small and large are unlikely to spend heavily on new investments or hire large numbers of new workers.

Distribution of NY-NJ Metro
Firms and Employment by Size of Firm



Sources: US Census Bureau; Small Business Administration; Federal Reserve Bank; Capital One Bank; National Federation of Independent Business